

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION**

-----X	:	
In re	:	Chapter 9
	:	
CITY OF DETROIT, MICHIGAN,	:	Case No. 13-53846
	:	
Debtor.	:	Hon. Steven W. Rhodes
	:	
-----X	:	

**DEBTOR'S STATEMENT WITH RESPECT TO
THE CLASSIFICATION OF RETIREE CLAIMS IN THE
PLAN FOR THE ADJUSTMENT OF DEBTS OF THE CITY OF DETROIT**

In accordance with the Second Amended Order Establishing Procedures, Deadlines and Hearing Dates Relating to the Debtor's Plan of Adjustment (Docket No. 2937) (the "Plan Procedures Order"), the City of Detroit, Michigan (the "City"), as the debtor in the above-captioned case, submits this statement addressing the classification of certain general unsecured, non-priority claims arising from pension and other post-employment benefits for existing and former City employees in the Plan for the Adjustment of Debts of the City of Detroit (Docket No. 2708) (as it may be amended, modified or supplemented, the "Plan").

Statement

1. On February 21, 2014, the City filed the Plan and the related Disclosure State with Respect to Plan for the Adjustment of Debts of the City of Detroit (Docket No. 2709). On March 6, 2014, the Court entered Plan Procedures Order. Paragraph 2 of the Plan Procedures Order established March 21, 2014 as the deadline for parties in interest to submit briefs "on whether the classification of retiree claims in the [Plan] violates the bankruptcy code."

2. Generally speaking, the City's retirement related obligations consist of claims for (a) pension benefits and (b) other (non-pension) post-employment benefits, defined in the Plan as "OPEB Benefits." The City's pension obligations arise in connection with its two retirement systems — the General Retirement System (the "GRS") and the Police and Fire Retirement System (the "PFRS"). Claims against the City for pension benefits arising under the GRS are defined in the Plan as "GRS Pension Claims." See Plan at § I.A.141. Claims against the City for pension benefits arising under the PFRS are defined in the Plan as "PFRS Pension Claims." See id. at § I.A.196.

3. The City provides OPEB Benefits to retired City employees and their dependents pursuant to the Employee Health and Life Insurance Benefit Plan and the City of Detroit Employee Benefit Plan. Claims against the City for OPEB Benefits are defined in the Plan as "OPEB Claims." See id. at § I.A.181.

4. Under the Plan, all "PFRS Claims" are classified together in class 10 and all "GRS Claims" are classified together in class 11. See id. at § II.B.1. PFRS Claim is defined in the Plan to mean, with respect to any holder of a PFRS Pension Claim, (a) such PFRS Pension Claim and (b) any OPEB Claim held by such holder. See id. at § I.A.194. Similarly, GRS Claim is defined in the Plan to mean, with respect to any holder of a GRS Pension Claim, (a) such GRS Pension Claim and (b) any OPEB Claim held by such holder. See id. at § I.A.139.

5. As set forth above, in its currently filed form, the Plan classifies each OPEB Claim with a corresponding PFRS Pension Claim or GRS Pension Claim, as applicable. As the Court is aware, however, the City has (and continues to) engage in substantive discussions with its various constituents on the specific terms of the Plan. In this regard, after further discussions with counsel for the Official Committee of Retirees regarding the classification of the OPEB Claims, the Debtors have decided to amend the Plan and place the OPEB Claims in a separate class. Counsel for the Retiree Committee has informed the City that this satisfies their concerns with respect to the classification of pension claims and OPEB Claims.

Dated: March 20, 2014

Respectfully submitted,

/s/ Heather Lennox

David G. Heiman (OH 0038271)

Heather Lennox (OH 0059649)

JONES DAY

North Point

901 Lakeside Avenue

Cleveland, Ohio 44114

Telephone: (216) 586-3939

Facsimile: (216) 579-0212

dgheiman@jonesday.com

hlennox@jonesday.com

Bruce Bennett (CA 105430)

JONES DAY

555 South Flower Street

Fiftieth Floor

Los Angeles, California 90071

Telephone: (213) 243-2382

Facsimile: (213) 243-2539

bbennett@jonesday.com

Jonathan S. Green (MI P33140)

Stephen S. LaPlante (MI P48063)

MILLER, CANFIELD, PADDOCK AND
STONE, P.L.C.

150 West Jefferson

Suite 2500

Detroit, Michigan 48226

Telephone: (313) 963-6420

Facsimile: (313) 496-7500

green@millercanfield.com

laplante@millercanfield.com

ATTORNEYS FOR THE CITY

CERTIFICATE OF SERVICE

I, Heather Lennox, hereby certify that the foregoing Debtor's Statement With Respect to the Classification of Retiree Claims in the Plan for the Adjustment of Debts of the City of Detroit, was filed and served via the Court's electronic case filing and noticing system on this 20th day of March, 2014.

/s/ Heather Lennox